

March 7, 2006.

Board of Governors Federal Reserve System

Via Facsimile 202 452 3819

Re: Comments on Proposed Guidance on Commercial Real Estate Lending
Docker Number OP-1248

## Gentlemen:

Many bank portfolios, particularly community bank portfolios, contain a high percentage of real estate loans. This is reflective of the markets in which they operate. Real Estate lending supports the expansion of housing and commercial development in communities across the country. It is also a significant source of jobs in communities and revenues to banks.

We are concerned that the proposed determinations of concentration in commercial real estate lending will lead to allocation of credit and ultimately to a significant reduction in commercial real estate lending by these banks. This reduction may have far-reaching economic effects and cause the very slowdown and real estate contraction the proposed regulatory actions are apparently attempting to address.

If there is a real estate "bubble," it is in isolated areas of the country. The regulators should not "paint with a broad brush."

Our recommendation is that regulators should take action in those markets where they have specific concerns. These actions should be crafted to address the isolated "bubble" problem while not slowing development, construction, housing, etc. in the far greater remaining parts of the country.

Sincerely,

Bradley J. Duncan

President

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